GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:248
ANSWERED ON:01.12.2015
Higher MRP
Godse Shri Hemant Tukaram

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government is aware of the fact that the MRP printed on consumer items of daily use is much more than the actual price of the items;

(b) if so, the details thereof and the action taken/proposed to be taken by the Government in this regard;

(c) whether the Government has issued any advisory to the States to initiate action in this regard; and

(d) if so, the details thereof and the response of the States thereto?

Answer

THE MINISTER OF
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)

(a) : No Madam, however under the Legal Metrology (Packaged Commodities) Rules, 2011 certain mandatory declarations are required like name and address of manufacturer/packer/importer, name of the commodity, net quantity, month and year of manufacturing, retail sale price in the form of Maximum Retail Price (MRP) Rsâ€¦â€¦. inclusive of all taxes , consumer care details. Rules require that commodities in packaged form cannot be sold at a price higher than MRP.

(b) to (d) : No Madam, however on the direction of Kerala High Court, the Government had constituted an Expert Committee in August, 2007 under the Chairmanship of Dr. M. Govinda Rao, the then Director, National Institute of Public Finance & Policy to examine the feasibility of declaring a normative price on a pre-packaged commodity , as applicable for the entire country , adequately reflecting the cost incurred by the producer in reaching the package to the end consumer. The committee unanimously found that it is neither feasible nor desirable to declare a normative price for various consumer goods. The committee also observed that the consumer's interest will be well served by the Government taking a pro-active role in creating and deepening the markets and empowering the institution such as the Competition Commission to monitor the market conditions to promote healthy competition.

The Committee also examined the question of whether there should be declaration of any other price in addition to MRP. The majority view in the committee was that it would be impossible to enforce accurate declaration of MRP by requiring the manufacturer to declare the First point Price in addition to MRP. The committee recommended that the solution to prevent exploitation of consumer lies in activating competition in the markets. The committee also noted that for goods covered under Rule 4 of the Central Excise Act, there is an automatic disincentive to inflate the MRP because higher MRP would attract higher taxes.

The Government has accepted these recommendations of the committee.
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